

THE MIRACLE OF ISLAM IN ECONOMICS

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THE MIRACLE OF ISLAM IN ECONOMICS

Introduction :

The Prophet Muhammad (P.B.U.H) was an unlettered person and for forty years at least lived in the dark age of an ignorant and pagan Arab society. There were very few educated persons in Arabia and they too knew little about economics, its principles, objectives or its applications.

The humanity received a detailed message from Muhammad (P.B.U.H) in all walks of life including the economic life and the result was as follows :-

1. The slavery which prevailed in both the Roman and the Iranian societies (and as a result of that in the whole of the inhabited world) at the rate of 90% was reduced to zero per cent at least in half of the world (the then Muslim society).
2. The poverty was absolutely removed from the Muslim society. Wealth was equitably and judiciously distributed among all.
3. A judicious economic system was brought about which provided equal opportunities to all the individuals and worked as a great insurance scheme for the indigent.
4. The Arab tribes were habitual of molesting and looting each other. Any one could kill or enslave any one else. With the advent of Islam's economic system an era of peace, honesty, love and social service prevailed.

This is something absolutely extraordinary and also unprecedented in the human history. It is only a great miracle which happened at the hands of an unlettered person.

This paper is meant only to highlight a few aspects of this miracle which could happen at the hands of a prophet only.

There is a great economic system based on important teachings which could never be expected from even an educated person in those dark ages. These teachings, when viewed seriously by the specialists in the modern economics today, only bewilder them. Sometimes, the specialists take their time in understanding and appreciating the reality, the depth, the wisdom, the judicious-mindedness, the objectivity, the practicality and universality of these teachings which came through the prophet Muhammad (P.B.U.H).

Let us ponder over some of them. Here is a great miracle.

THE BASE OF THE ECONOMIC SYSTEM IN ISLAM

Islam comprises two basic things :

1. Rights of Allah حقوق الله
2. Rights of Creatures حقوق العباد

Rights of Allah may be further subdivided into two things :-

1. Beliefs عقائد
2. Worships عبادات

Rights of Creatures (حقوق العباد) are further subdivided into two things :-

1. Ethics or Morality (اخلاق)
2. Dealings (معاملات)

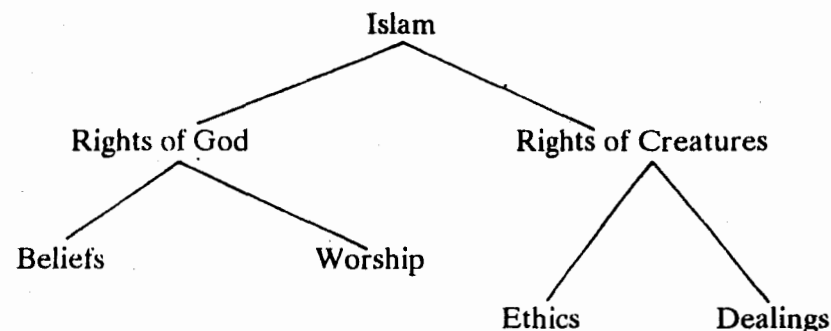
This shows that Islam as a religion and as a social, political, spiritual and economic order encompasses the whole of human life and comprises four fundamental things which are interwoven and inter-dependent in a particular order. These are :-

1. Beliefs (عقائد)
2. Worships (عبادات)

3. Ethical System (نظام اخلاق)

4. Dealings (معاملات)

The chart on the following page will explain that :



It can be easily understood here that the last of these four contents i.e. dealings (معاملات) deals with the economics. Before I proceed further I would like to establish that all these four contents of Islam make up a great organic whole which is the religious, spiritual social, political and economic system of Islam. These four contents establish themselves in a way that they erect a great pyramid with the same order. Let us understand it by explaining them.

1. **Beliefs** (عقائد) : First of all there comes definite knowledge through revelation (وحي). This is the source of belief in a few articles of faith.

- a. Belief in oneness of God.
- b. Belief in the prophethood.
- c. Belief in the life hereafter.
- d. Belief in the angels.
- e. Belief in the divine books.
- f. Belief in the pre-ordination

These beliefs, if taken in their true spirit, bring about a revolution in the mind of person. He becomes totally different from a non-believing person in his mentality, his way of thinking

and approach to life. Now he is a man who loves God and His creatures; now he is preparing himself for the life hereafter. He is no more irresponsible, he is accountable to God for all his deeds.

This is a great revolution not only in his mind but also in his practical life. The beliefs compel him to perform such actions and avoid others. To explain it further, we shall examine a few beliefs or norms taught by Islam in the field of economics later on.

2. **Worships (عبادات)** : The immediate result of the beliefs is some acts of worship. Establishing prayers, five times a day, is at the top. Most of my students are wonderstruck when they learn that these obligatory prayers are the main base of all economic activities in Islam. The prophet said :

الصَّلَاةُ عِمَادُ الدِّينِ

"The Obligatory prayers is the pillar of religion."

One very important point should be brought home here : We find in the Quran that Obligatory prayer (الصَّلَاةُ) and obligatory charity (الزَّكَاةُ) have always been mentioned together e.g.

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ (النمل: ٢٠)

"Establish the prayers and pay the poor due".

Prayer in the Quran always precedes the charity and charity always follows the prayers. This is not without reason. There is a strong relationship between the prayers and the charity. Those who have the experience of regular obligatory prayers can easily appreciate that the obligatory prayers inculcate strong feelings of love for God and his creatures. These prayers make a person embodiment of love, mercy and sacrifice for others. The Quran mentions the net outcome of the obligatory prayers:

يُؤْتُونَ عَلَى الْفَقِيرِ وَكَانَ بِهِمْ نَحَاصَةٌ (الحشر: ٩)

"They sacrifice & prefer others on themselves even when they are in dire need."

Now for five times a day, such a person is given a chance to be among all his neighbours and relations in a mosque. He is in the best position to know their economic wants and help them out. For five times, he performs prayer along with them, chats with them and can easily find that such and such a person is unwell, needy, sad or wants some kind of material help. Hence the payment of obligatory charity.

The Zakat is the co-operative society of the Muslims. It is their insurance company or a provident fund scheme. They can always fall back upon it at the time of their necessity.

3. **Ethics or moral system :-**

Islam has got a peculiar moral system. It inculcates some personality traits while discourages others. It teaches a Muslim to earn through legal ways and keep away from illicit transactions. It makes him generous and wise in his expenditure instead of being niggard or spend thrift. We find in the Quran :-

١- يَسْأَلُونَكَ مَاذَا يُنْفِقُونَ - قُلِ الْمَعْرُوفُ (البقرة: ٢١٩)

They ask as to what should they spend? Say: ("They should spend in way of charity) all what is more than their necessity."

٢- الْخَلْقُ عِيَالُ اللَّهِ فَاحْبِبِ الْخَلْقَ إِلَى اللَّهِ مِنْ أَحْسَنِ عِيَالِهِ (يحيى)

"The creatures are the family of God Almighty. The most beloved to God among the creatures is one who is benevolent to his family."

٣- لَيْسَ بِالْمُؤْمِنِ الَّذِي يَشْبَعُ وَجَاهُهُ جَائِعٌ بِجَنْبِهِ (يحيى)
(رواه الطبراني في المعجم الكبير والفتاوى جمع الفتاوى حديثه في كتاب البر والصلة)

"He is not a true believer who eats to his own satisfaction while his neighbour by his side is hungry."

4. Dealings

Now, we can understand that the economic system in Islam is the fourth story in the grand edifice of Islam. A person is educated; trained and transformed so as to be a true Muslim who loves God, His prophet and His creatures. He learns to sacrifice for others. This is all done through Islamic beliefs, acts of worship and moral teachings. This is how the roots of Islamic economics gain ground and it starts stemming out. This is the base of the economic system in Islam.

Hence we see that Islamic economics is based not merely on economic factors or market conditions. It is rather based on a spiritual system i.e. on beliefs, acts of worship and moral teachings.

One may not have the misunderstanding here, that Islamic economics needs no governmental power or some legal framework. It does need but only when the above mentioned spiritual and moral teachings have been sufficiently accepted and have brought about the required results.

In a normal Muslim society, the dealings and transactions are usually governed by the spiritual, and moral codes. To demonstrate the effectiveness of the prophet's teachings, I quote a few more of his sayings which are normally remembered and quoted by the Muslims during their common dealings. The prophet said :-

١- المؤمن ماله ولا يخير بين لا يلف ولا يرفل ومنه الامام أحمد - جلد ٢ - ص ٢٠٠ عن أبي هريرة جدد
٢٢٥ مائة سبعمائة

“A believer is an embodiment of love. These is no goodness in a person who does not love and who is not loved.”^٥

٢- من كان في حاجة أخيه كان الله في حاجته رواه البخاري كتاب المظالم باب ٣ وكتاب الكراه باب ٤ ،
والبرذون كتاب الأدب ٢٨ ، والتزييد عن كتاب الحدود ٣ ، ومنه الامام أحمد ، ١٣٩/٢

“One who fulfils the need of his brother, Allah, the Almighty, fulfils his need.”^٦

٣- لا يؤمن أحدكم حتى يحب لأخيه ما يحب لنفسه (رواه البخاري كتاب الإيمان ٤ ، مسلم كتاب الإيمان ١ ، ٢ ،
التنزيه : قياره ٥٩ ، ما شاء كتاب الإيمان ١٩ ، ٢٢ ، وابن ماجه : مقدمه ٩ ، جابر ١١ ، الدارمي وأحمد)

“The one who does not like for his brother (for others) what he likes for himself, he is not a real believer.”^٧

٤- هل تصرون وترزقون الا بضعفكم . (بخاري ، جلد ٢ ، باب ٤٩ ، البرذون : كتاب الجهاد ١ ،
الشافعي ، جلد ٢ ، باب ٢٣ ، ص ١٢٧/١)

“You are helped and fed (provided) due to the weaks and the indigents with you.”^٨

٥- (عن أبي هريرة ... قال الله تعالى أنفق يا ابن آدم ! أنفق عليك) بخاري ، جلد ٢ ، باب ٤٩ ،
رسالة صود باب ٢ ، كتاب النفقات ١ ، كتاب التزويد ٢ ، مسلم كتاب الزكاة : ١٢٠ ، ١٢١ ، البرزخية : كتابات ١٥

“God said : O son of Adam ! spend on others, I shall spend on you.”^٩ (Sahih-al-Bukhari, Sahih-Muslim).

٦- ما نفقت صدقة من مال (كم) كتاب الرب باب ١٩ ، ترمذي كتاب البر ١٠ ، الدرر : كتاب الزكاة ٢٢٠

“The wealth does not decrease on account of charity.”^{١٠}

فصلان لا يجتمعان في مؤمن : البخل وسوء الخلق (ترمذي)

“Two qualities do not get together in a believer niggardliness and ill- behaviour.”^{١١}

“حضرنا امراكم بالزكاة وداؤوا مرضاكم بالصدقة واستعينوا على حل البلاد بالدعاء والتضرع (البرذون)

“Save your properties by paying Zakat; Treat your patients by charity; seek help of Allah by praying with humanity during a calamity.”^{١٢}

SOME BELIEFS RELATED WITH ECONOMICS

Now let us examine in detail as to what are the beliefs taught by Islam which effect the personality of an individual and ultimately effect the whole of his economic life :-

1. The Status of Man in the Universe :

Man is the most honoured and most responsible creature in the Universe. He is vicegerent of Allah, the Almighty. He is God's trustee.¹³

Whatever is in the hands of man is only a trust reposed by God in him. God says :

”وَالْفُقَرَاءُ بِمَا جَعَلَكُمْ مَسْتَخْلِفِينَ فِيهِ“ (سورة الحديد : ٤)

“Spend (in charity) out of the property of which He (God) made you vicegerents (custodians or trustees).”¹⁴

2. The pure Ownership lies with Allah, the Almighty :

God is the real Owner. Man is only a trustee. Even the money lying in man's pocket is God's property. God says :-

”وَالْوَهْمُ مِنْ مَالِ اللَّهِ الَّذِي أَنَا كَعْدُ“ (النمل)

“And give them (in charity) out of God's wealth which He gave unto you.”¹⁵

Man has been given a temporary right of ownership, a trust, for the sake of examination in this world. The real result of this examination will appear in the life hereafter.

3. Accountability of Man :

Man as a trustee and vicegerent of God is responsible for receiving orders from God and implementing them on himself and all others in the world.

4. Economic In-equality is from God :

Human beings have been placed in different ranks on purpose i.e. so that they can utilize the services of each other and everyone may be tried and examined in a given situation. He will be rewarded accordingly.

”وَهُوَ الَّذِي جَعَلَكُمْ خَلَائِفَ الْأَرْضِ وَرَفَعَ بَعْضَكُمْ فَوْقَ بَعْضٍ لِيَبْلُوَكُمْ فِي مَا آتَاكُمْ“ (الأنعام : ١٦٦)

“He it Who has placed you as viceroys of the earth and has exalted some of you in rank above others, that He may try you by (the test of) that which He has given you.”¹⁶

5. The Summum Bonum for Man :

Every thing in the earth has been created for man.

”وَهُوَ الَّذِي خَلَقَ لَكُمْ مَا فِي الْأَرْضِ جَمِيعًا“ (البقرة : ٢٩)

“It is He Who created for you all what is in the earth.”¹⁷

Every thing in the universe has been subdued for man.

”وَسَخَّرَ لَكُمْ مَا فِي السَّمَوَاتِ وَمَا فِي الْأَرْضِ جَمِيعًا مِنْهُ“ (البقرة : ١١٣)

“And He (Allah, the Almighty) hath made of service unto you (subdued to you) whatsoever is in the heavens and whatsoever is in the earth; it is all from him.”¹⁸

This means that the Universe has been created for the sake of mankind and not the vice-versa. Everything is to serve mankind and man has only to worship Allah, the Almighty.

”وَمَا خَلَقْتُ الْجِنَّ وَالْإِنْسَ إِلَّا لِيَعْبُدُونِ“ (الفرقان)

"I created the Jinn and humankind only that they might worship Me."¹⁹

Then the summum bonum & the main purpose of man's life is to love and worship Allah, the Almighty and seek His Countenance.

The be-all and end-all of all his economic activities is that he should become absolutely sincere to God in all spheres of his life.

6. The wealth or property is a great boon from Allah, the Almighty :

It is not a curse as regarded by some religions. The wealth has been regarded as "a great support to the people" just in the same way as Ka'abah, the House of Allah, has been declared a great support to the people or something for humanity to fall back upon. Compare the following two verses of the Quran by reading them together :-

”جعل الله الكعبة البيت الحرام قياماً للناس“ (البقرة : ١٢٥)

"God made Ka'aba the sacred house an asylum of security and great support for the people."²⁰

وَلَا تُؤْتُوا السُّفَهَاءَ أَمْوَالَكُمُ الَّتِي جَعَلَ اللَّهُ كَسْبَ قِيَامًا - رَأْسًا - ١٥١

"Give not unto the foolish your property which Allah has made as great support for you."²¹

It may be noticed that the word "Qiyama" (great support) has been used for both Ka'abah, the House of God and for wealth. This shows the sanctity of wealth and that it is a great trust from God not to be wasted any way.

7. Fixed Budget for every one :

Allah, the Almighty has made himself duty bound to feed everyone whom He has created.

”قُضِيَ مِنْ دَابَّةِ الدَّاعِي إِلَى اللَّهِ رِزْقُهَا“ (سجدة : ٢٦)

"No moving creature is there on earth but its sustenance is due from Allah."²²

Not only that but every human being comes with a fixed budget from his God for the whole of his life. He can not earn more or less than this budget. It can not be increased or decreased by anyone. Here, he is completely pre-destined. He has no choice or freedom to earn more or less.

The only choice he has got, and for that he is responsible and accountable, is to earn this fixed budget either honestly or dishonestly; its quantity, white and black money combined, will remain the same without any change. The Prophet Muhammad (P.B.U.H.) used to utter these words very commonly while delivering his sermons during Friday prayers :-

”دَعْنِ جَابِرِ رِضَى اللَّهِ عَنْهُ : قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ
يَا أَيُّهَا النَّاسُ ! اتَّقُوا اللَّهَ وَاجْعَلُوا فِي الطَّيْبِ ، فَإِنَّ لِنَفْسٍ لَنْ تَمُوتَ حَتَّى اسْتَوْفَى رِزْقَهَا وَإِنْ
أَبْطَأَ عَنْهَا ، فَاتَّقُوا اللَّهَ وَاجْعَلُوا فِي الطَّيْبِ - غَدًا وَحَالًا وَدَعُوا مَا حَرَّمَ ابْنُ مَاعِدٍ وَالْحَاكِمُ .“

"O people! Fear Allah and beautify your way of earning. That is, because no one will die till he receives completely his portion of provision (fixed budget) even of it looks coming slow and delayed, So fear Allah and be handsome in your quest. Get what is permissible and leave what is prohibited."²³

This is why that a true believer regards wealth as bounty of his Lord (**فضل من**) while a non-believer like Qaroon says about his wealth:

”انما اوتيته على علم عندي“

“I have been given this wealth due to my personal knowledge.”²⁴

It may be reminded here that this is predestination and one of the articles of faith in Islam.

This faith, if really, it becomes part of someone's personality and gets into the core of his heart, makes him completely dependent over the bounty of his Lord. He will never never accept any income through illicit means. If, virtually he can not increase anything in his fixed budget, why should he go for the black money?

Three Great Promises of God :-

Allah, the Almighty has promised three great boons for those who are sincere to Him; who have real faith in him and who revolutionize their practical lives according to their faith. The three things are :-

1. Rule of the Land (Government)
2. Wealth
3. Peace and Security

Please read the following verses of the Quran carefully:

”وعد الله الذين آمنوا منكم وعملوا الصالحات ليستخلفنهم في الأرض كما استخلف الذين من قبلهم وليكن لهم دينهم الذي ارتضى لهم وليبدلهم من يبدلوهم أمتاً شراً“

“Allah has promised those among you who believe and do righteous deeds that he will certainly make them to succeed the present rules (He will make them rules) in the earth as he granted it (power of government) to those before them; that he will establish in authority their religion the one which he has chosen for them (Islam) and that he will change (their state), after the fear in which they (lived), to one of security and peace.”²⁵

The Prophet said to Adi bin Hatim-al-Tai :-

”لئن طالت بك حياة لترين الرجل يخرج لك كفه من ذهب يطلب من يقبله“
فلا يجد أحداً (بخاری)

“(O Adi!) If you had a long life, you will certainly see the man that he wants to give a handful of gold in charity and will search for someone who could accept that (Charity) but he will find none.”²⁶

This is the light of prosperity. About the state of peace and security, the Prophet (P.B.U.H.) said :-

”والله ليتمن هذا الأمر حتى يبير الراكب من صنعاء الى حضرموت لا يخاف الا الله وكنكم تستعجلون“ (رواه البخاری، ابن الملقا، باب ٢٥)

"I swear on Allah that this job will be accomplished (Islam will prevail) with the result that the passenger will travel from Sana'a to Hadhar Maut without fearing anyone except Allah. But you are being impatient."²⁷

The Miraculous Impact of Zakat over the Society.

It is unfortunate that sometimes, payment of Zakat is treated only as an act of charity or some sort of taxation. It is, in fact, a great scheme of social and economic security on the national level. Islam claims that the amount fixed for Zakat, in all kinds of the property (cash, gold, silver, agricultural etc.) is quite enough to bring about a fair economic balance in the society. Islam claims that poverty can exist only when the rich do not pay Zakat completely. There is a saying of Allah, the Almighty in the form of Hadith Qudsi :-

عن علي رضي الله عنه: قال الله تعالى: "فرض على الأغنياء أن أموالهم ما يكفي فقراءهم
أن جاعوا وعروا وجهدوا فلنفع الأغنياء" (أخرج البيهقي)

Narrated Ali "that Allah the Almighty said : A well calculated portion has been regarded as obligatory charity out of the wealth of the rich. This portion of Zakat should be brought for the poor. And if someone is hungry or without clothes or wanting anything else, this is only due to the fact that the rich do not pay Zakat completely."²⁸

This is a great miracle. It did happen during the age of the Prophet Muhammad and his companions. History corroborates

that no poverty existed after the implementation of Zakat scheme.

But what are the economic factors behind this great miracle? They are as follows :-

1. Increased Investment :

The poor due or obligatory charity when transferred from the rich to the poor enables them to make necessary purchases in the market. It increases purchasing power in the society.

The demand of consumer goods is increased and as a result of that the supply is also increased. This gives a great push forward to the national economy.

2. Easy Loans :

Zakat is a system which guarantees help to the paupers, bankrupts and indigents. Anybody who has borrowed a big amount of money for investment and becomes unable to pay back the debt is, in fact, insured by Zakat. He is guaranteed by Zakat money because, out of the eight heads of payment of Zakat there is also the one " Those who are under debt."

Thus, Zakat gives security both to the debtor and the creditor i.e. it guarantees help to the debtor by paying debt on his behalf and also to the creditor that his money is secure and will definitely reach him back. This gives a sense of confidence to both the debtors and the creditors. One can borrow the money without fear of being bankrupt and unable of paying it pack. The other can lend money without fear of its being a bad debit. This gives a great impetus to investment and economic activity in the society.

3. Distribution of Wealth :

The ceremonial law of diminishing return tells upon the economic activity of the investors after a certain limit. This limit is immediately increased and pushed further after payment of

Zakat to the poor. This money increases over all purchasing power, demand and supply of consumer goods.

Then, Zakat is a tangible transfer of wealth from the rich. This right has to be returned and given back to the poor. The word "return" is very important. The prophet defined Zakat as follow :-

"ان الله افترض عليهم صدقة تؤخذ من اغنياءهم وترد الى فقرائهم" (متفق عليه)

"Allah has made (Zakat) an obligatory charity which is taken from the rich and returned to the poor persons of the society."

It is the poor due which has to be returned and given back to the poor. It is not favour to them; it is their right.

This transfer of wealth to the poor helps a lot in fair distribution of wealth in the society.

4. Job Opportunities :

The poor due is given mostly to those who are jobless due to illness or more poverty. An ill person, after getting Zakat can get his proper treatment and enable himself for any job. A poor jobless person, after getting Zakat can start a small business or any other work with small amount of money. Thus, Zakat enables the invalid persons or jobless persons to find some work or business for themselves.

5. Cleanliness of Hearts :

The payment of Zakat teaches the rich people to clean their hearts from love of wealth and niggardliness and makes them learn generosity and help to the poor.

6. Sense of Responsibility :

It also inculcates in the rich people sense of responsibility to their poor relatives, neighbours and the society in general.

7. Treatment of Ill-feeling :

In turn, Zakat cleans the hearts of the poor, who receive Zakat, from hatred and ill feeling against the rich.

8. Improvement of Law & Order Situation :

Thus, Zakat improves the situation of law and order. The crimes which were happening due to the hatred and ill will among the poor are minimized.

9. Financial Uplift of the Rich:

It might look strange but it is a reality that the amount of money which is given by the rich to the poor in the form of Zakat goes back to the rich again after discharging its duty to the poor. It might be borne in mind that Zakat is not income tax. With the exception of the agricultural yields, Zakat is on the total property. One important point, in this connection, is that Zakat is taken from the property to be invested and not from the property to be used or consumed.

Now, the property to be invested is of two kinds :-

1. Property which is really invested.
2. The property which could not be invested due to any reason or even due to the law of diminishing return.

This property is a curse and Islam does not encourage its existence. It is dead property. It is not being used in the market. It is lying dead in the form of gold or cash in the banks. This property is not running like blood in the body of the whole society. This dead property is the source of all the troubles. This property is given on debts to earn usury or interest; this property is used extravagantly in all kinds of sins, crimes and illegal actions.

In the words of Islamic Shariah, this property is the main source of all the crimes.

Islam wants total removal of this dead property. Read the following verse of the Quran :-

يَسْأَلُونَكَ مَاذَا يُنْفِقُونَ . قُلِ الْعَفْوَ (البقرة: ٢١٩)

"They ask from you as to what should they spend (as Charity). Say : All what is more than your requirement."³⁰

Now please get ready to understand the great miracle of Islam.

The payment of Zakat is done out of this dead property. A great chunk of this dead property is removed and transferred to the poor.

But the moment this property comes into the hands of the poor, it becomes alive; it starts moving fastly in the market like movement of blood in our veins. Now this property is being invested or used for the bare minimum necessities of life.

But, again, here is one very important point. After getting Zakat, from whom will this poor man purchase his necessities of life? From whom? Only from the rich!

This means that the Zakat money will be utilized all right by the poor but it must go back to the rich again, from whom the poor will purchase his necessities.

But now the question is that this money was removed with much difficulty, out of the dead property with the rich. Will it not go back there again and become a part of the dead property again? The answer is: No, not at all. Now this property will go in the shops of the rich. It will remain alive and become part of the invested property.

This shows that:-

1. The Zakat money given by the rich comes back to them.
2. This Zakat money was a part of the dead property with the rich. Now it has come back and has become part of the alive party with the rich.
3. This Zakat money was source of all evils, sins or crimes because it was lying idle, uninvested and dead. Now it has come back and is being invested. It is no more a source of sins and crimes.

This shows that the property lying with the rich before payment of Zakat was not clean. It was like a sore is his body. It was source of troubles. After going through the hands of the poor, it has not only become clean itself, it has cleaned both the personality of the rich person from the love of wealth and niggardliness and also his property from criminal effects.

Now we can well appreciate as to why the literal meanings of the word Zakat is "Source of cleaning and making chaste."

The Quran corroborates this phenomenon :

﴿ خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا ۚ وَالتَّوْبَةُ إِلَى اللَّهِ أَكْبَرُ مِنْ ذَلِكَ ۚ ﴾ (١٠٣١)

"Get out of their property some charity (Zakat). This will make them clean and render their personalities as pious."³¹

﴿ يَمْحَقُ اللَّهُ الرِّبَا وَيَرْبِّي الصَّدَقَاتِ ۚ ﴾ (البقرة: ٢٧٤)

"Allah, the Almighty destroys the usury and increases the charities (Zakat)."³²

﴿ وَمَا آتَيْتُمْ مِنْ رَبٍّ لِيَرْبِيَا فِي أَمْوَالِ النَّاسِ فَلْيَرْبُوا عِنْدَ اللَّهِ ۚ وَمَا آتَيْتُمْ مِنْ زَكَاةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَٰئِكَ هُمُ الْمُضَعِفُونَ ۚ ﴾ (الروم: ٣٩)

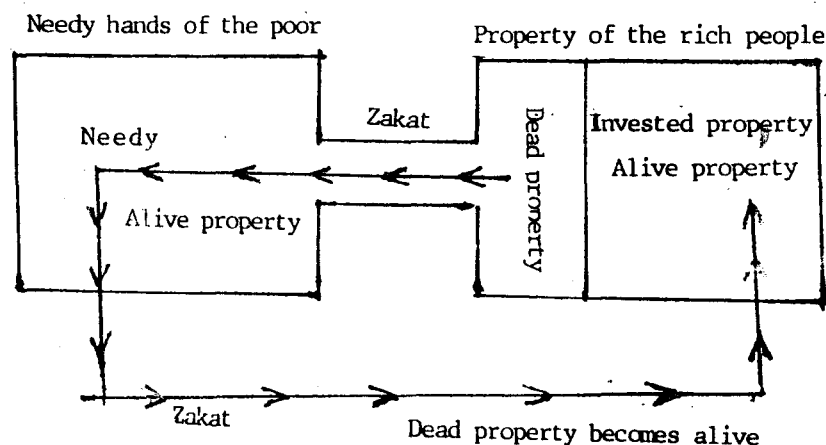
“Whatever you invest in the form of usury business so that it brings an increase out of the wealth of the people, it does not, actually increase with Allah (according to God’s scheme); and whatever you pay as Zakat and intend to seek through it the Countenance of Allah, such are those who are multiplying.”³³

Some people have misunderstood this verse. They think that the above-mentioned results of both usury and Zakat are related only with the life hereafter. This is wrong. These results are related both with this life and the life hereafter. The Prophet Muhammad (P.B.U.H.) said :-

”ما نقصت صدقة من مال“ (مسلم - ترمذى - سنن الامام احمد)

“The wealth does not decrease on account of charity.”³⁴

The above above impact of Zakat can be explained by the following chart :-



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THE IMPACT OF USURY (INTEREST - الرِّبَا)

After understanding the impact of Zakat on the society and particularly on the property of a rich person, it is easy to understand the impact of Usury or interest.

We noticed that in case of Zakat the dead property is transferred to the poor. It becomes alive immediately and gives a great impetus to the national economy. Then, the same money goes back to the rich again and adds up to the alive property. In case of Usury, the movement of property is just to the reverse direction. The alive property of the poor is, low and behold, transferred to the rich in the form of usury and adds up to their dead property. The dead property is maximized and the alive property is minimised. It gives a great set back to the national economy. The rich becomes richer and the poor, poorer. The Zakat maximizes the alive property while the usury does the opposite.

The Zakat creates love and fellow feeling while usury creates a sense of exploitation, enmity and hatred.

The Zakat improves the law and order situation but usury only creates an atmosphere of crimes. The rich commit crimes because they have enough dead money which is always a source of crimes. The poor commit crimes because they are exploited and are full of hatred and also because they are hungry and have many pressing wants or needs.

A PECULIAR USURY OF TRANSACTIONS (رِبَا الْفَنَل)

Here is another miracle of the Prophet Muhammad (P.B.U.H.). There was a peculiar kind of usury which could never be detected or banned by any economist or thinker. It could be done only by a prophet of Allah. This is Usury in barter transaction. The Prophet Muhammad (P.B.U.H.) said:

”الذهب بالذهب والفضة بالفضة والبر بالبر والشعير بالشعير والتمر بالتمر والصلح بالصلح
مثلا بمثل سواء بسواء، يدا بيد، لمن زاد او استزاد فقد اربى. فاذ اخلفت هذا
الاجناس فبيعوا كيف شئتم“ (مسلم - شرح النووي - ج 11 - ص 113)

"(You can have barter transactions or exchange of like material e.g.) gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, salt for salt, (with the three conditions that they should be) same to same in quality, equal in quantity and hand to hand transaction. And if somebody increases or wants increase in any form, he is earning usury. yes if these commodities differ, then you can sell any way you like."³⁵

Many times, I have found that it is pretty difficult even for the economists to understand the main secret behind the above mentioned orders; because there is something which is purely technical and not easily understandable. I would like to explain this point here. Let us suppose that there is a society where dates are the main item of daily food. Here is a rich person who has got a small quantity of superior kind of dates. There are a great number of poor farmers who have grown inferior quality of dates and that too in small quantity with each one of them. Now, if there is an exchange transaction in between the inferior quality or in between the superior quality of dates, Islam does not object to it. But if there is a transaction between the superior quality and the inferior quality, it would become usury which is prohibited. What is the reality of this transaction? The rich man, for example, gives one k.g. of superior dates for 5 k.g. of inferior dates. What actually happens is that all the inferior dates are transferred to the rich man at the cost of 1/5 amount of the superior dates with him, with the following results :-

1. A huge amount of dates has been stored with the rich man. He starts hoarding them.

2. The small quantity of the superior dates in the hands of a large number of poor persons will soon be finished. Only the inferior quality of dates will be left over in the market.

3. The rich man will monopolise the inferior dates and sell them in the market at very high rates, even higher than the normal market rates of the superior dates.

4. The poor persons will purchase back the same inferior dates from the rich man at the rate ten times higher than the rate at which they gave it to this rich man.

This is why Islam disallowed this transaction because it gives way to hoarding, monopoly, exploitation and inflation.

Now kindly appreciate that these orders were given by a person, the Prophet Muhammad (P.B.U.H.) who never studied anything in any school or college. But his teachings surpass the genius of the modern economists. Is it not a great miracle? The Prophet also said :

”ان الربا وان كثر فان عاقبته نصير الى تدن” (الربا هو - يتنزل - اعد)

”The Usury even if it is much in quantity has at last to return to ultimate loss.”³⁶

DUTY-ORIENTEDNESS RATHER THAN DEMAND-ORIENTEDNESS

Here we can easily understand that the moral teachings given by Islam make us duty-oriented rather than demands-oriented. We have already studied that Islam emphasises fulfilling our duties towards God (*موفق بالله*) and our duties towards His Creatures (*موفق بالعباد*). For fulfilling our duties towards others, Allah, the Almighty gives three important injunctions :-

"ان الله يأمر بالعدل والاحسان وايتائى ذى القربى: (النمل : ١٠)

"Lo Allah enjoineth Justice and kindness (Ihsan) and giving to kinsfolk."³⁷

Thus the three important injunctions are :-

1. **Justice** : Everyone should receive his due right. Justice demands balance and equity and not equality in each case. It is advisable to have equal rights and opportunities among all the citizens but dry equality between the children and their parents will not be possible.

2. **Ihsan** or being kind or doing favour to others is enjoined by God. Ihsan is serving somebody and even giving him more than his due.

Islam brings about cordial relationship between the worker and the mill-owner by exhorting both of them on Ihsan. It asks the mill-owner to pay to the worker more than his due through bonus and looking after him and his family. It asks the worker to work sometimes more than his duty by way of Ihsan. Thus Islam makes them both duty oriented and not demanded oriented. It creates love between them and not the hatred or class-struggle.

3. **Giving to Kinsfolk** : Islam makes the rich responsible for all the basic necessities of their poor kinsfolk.

ISLAM AND PRICE CONTROL

Islam has given a complete code of ethics for trade. Study any book of traditions of the Prophet and you will always find a permanent portion therein pertaining to transaction (كتاب بيع). The Prophet laid down set rules and regulations which leave no scope for any kind of black-marketing, profiteering, hoarding, exploitation or treachery. The rules pertaining to the transactions is not really the subject of this paper. I will concentrate only on two important points concerning the price-control in the market.

1. Prohibition of Middle Man

It has been established that one of the major causes of high prices in the market is existence of the middle man. Despite all said and done in the modern economics, the middle man remains a great curse in the whole of the world.

The Prophet Muhammad (P.B.U.H.) was not an economist. He never studied anywhere. The middle-man's job was there in those days too. But the prophet issued indirect orders which brought an end to this profession, and the prices of the consumer goods were brought low to the minimum. The prophet disallowed any person to sell anything till he becomes its owner completely. He becomes the real buyer of a commodity and qualifies himself to be its seller only when he fulfills two conditions :-

1. He pays off the full price of the commodity purchased.
2. He removes the purchased commodity from the store or shop of the seller and takes it anywhere he likes e.g. his own store or market etc. and thereby becomes the complete owner of the property, with full possession.

The Prophet said :

"من ابتاع طعاما فلا يبيعه حتى يقبضه" (فتح الباري ١٥١ : ٢٤٩)

"Whosoever purchased some food, he should not sell it until he gets its possession."³⁸

There is another tradition :

"كانوا يتباعون الطعام في اعلى السوق فيبيعونه في مكانهم فنهاهم رسول الله صلى الله عليه وسلم ان يبيعه في مكانه حتى ينقلوه" (فتح الباري ٥٠ : ٢٤٩ - ٢٨٠)

"The people used to purchase the food (commodities) away from the market (on highways or within the agricultural farms) and then sell them at the places of the sellers (at the same places without removing the commodity from there). The prophet (P.B.U.H.) prohibited them from selling it at that place and till they removed it from there."³⁹

There is another tradition of the Prophet :-

عن ابن عباس رضي الله عنهما قال : قال رسول الله صلى الله عليه وسلم : لا تلقوا
الركبان ولا يبيع حاضر لباد قال : قلت لابن عباس ما قوله " لا يبيع حاضر لباد " قال :
" لا يكون له سمارا . (فتح الباري : ٥ : ١٢٤٥)

"Narrated Ibn Abbas that the Prophet (P.B.U.H.) said: "Don't receive the convoy of merchants in their way to purchase commodities from them (before they reach the down town market) and the resident of city should not sell (a commodity) for the sake of (on behalf of) the villager." (The narrator of this tradition) asked Ibn Abbas its meanings. He told that there should be no middleman (commission agent)."⁴⁰

The history bears witness that these instruction brought about immense effect in the economy of the Muslim society. Isn't it a miracle at the hands of an unlettered person ?

Now let us look around ourselves. The whole world is crying against high prices, inflation and exploitation but it is increasing day by day.

What actually happens is that a middle man purchases a commodity worth millions of dollars on telephone and sells it further on telephone and another middleman sells the same

commodity to another middleman on telephone. Everybody keeps on earning thousands of dollars without investing anything while the commodity remains where it was at the first place during its first transaction, only its price keeps on increasing and till it actually reaches the market in front of the real consumer, its price is increased many times.

Kindly try to appreciate that Islam does not allow the first buyer to sell this commodity further, until he removes it from the farm and brings it in the market by paying its price. This way, Islam closes the door of over-trading, middlemanship and rise in prices unnaturally. This is the only possible treatment of this problem and this was given by the Prophet Muhammad some 1400 year back.

2. Lesse Faire Economy

We are really wonderstruck when we come to know about another great miracle at the hands of the Prophet Muhammad (P.B.U.H.). We find him talking loud and clear about free economy, free market and discouraging any move from the side of the government to fix the prices of commodities in the market. We read a very strange saying of the prophet which contains an ocean of meanings and many many established facts which could be understood only by the modern economist. While talking about the free market, he has very clearly expressed the modern law of supply and demand.

Kindly give due attention to the following tradition of the prophet Muhammad (P.B.U.H.)

عن أنس رضي الله عنه قال : " عند السعر في المدينة على عهد رسول الله صلى الله عليه وسلم
فقال الناس يا رسول الله عند السعر، فسر لنا، فقال رسول الله صلى الله عليه وسلم :

"Narrated Anas that once the prices of some commodities rose up in Madinah during the life time of the prophet (P.B.U.H.): The people said: O prophet of Allah, the prices have gone high; kindly fix up the prices (of commodities in the market) for us. The prophet replied: Verily Allah Himself is the One Who fixes up the prices; He is the One Who curbs our production and brings commodities to us in less quantities; He is the One Who sometimes makes us produce the commodities in great quantities; He is the One Who feeds us with provisions".⁴¹

(He keeps balance between the two states of lower production and higher production of quantities).

I may be excused for translating the qualities of God in long sentences instead of words because there are no appropriate words in English for these qualities mentioned in Arabic language.

Kindly concentrate on these words of the Prophet.

"ان الله هو الميسر القابض، الباسط الرازق." رواه المحدث الاثنان وصححه ابن حبان

"Allah alone is the One Who fixes the prices, Who lowers down the production, Who enhances the production and Who gives provisions."

Does it not clearly mean that it is Allah alone Who fixes the prices of all the commodities (الباسط) by sometimes decreasing their supply and increasing their demand (القابض) and sometimes by increasing their supply and decreasing their

demand (الباسط). He is the One Who keeps on bringing about a balance between the two and hence fixing the normal and natural rates of all the commodities so that everybody is in a position to receive the provisions. (الرازق).

If we are honest and fair to ourselves we can read this saying of the prophet again and again and judge for ourselves the depth of its meanings. Is it possible for a non-prophet to come out with such sayings and instructions in those dark ages, particularly, when he himself is also illiterate?

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HUMAN CAPITAL - A NEGLECTED RESOURCE